

Department of Energy
Washington, DC 20585

MEMORANDUM FOR DISTRIBUTION

FROM: Dan W. Reicher (*original signed by DWR on 10/26/00*)
Assistant Secretary for
Energy Efficiency and Renewable Energy

SUBJECT: Office of Energy Efficiency and Renewable Energy Strategic Management System
Update for FY 2003 Planning Through FY 2001 Evaluation Cycles

The purposes of this memorandum are (1) to continue to make progress on Office of Energy Efficiency and Renewable Energy's (EERE) implementation of the Strategic Management System (SMS) and (2) to update planning, budgeting, and evaluation processes that occur from November 2000 to January 2002. The SMS is an important commitment in EERE's Strategic Plan. I consider the first year of implementation a success, and I want to thank everyone for their time and energy in moving this important effort forward.

The SMS was developed to increase the efficiency and effectiveness of EERE's business management functions of planning, budget formulation, budget execution, and program analysis and evaluation. This was accomplished by linking them in an orderly, systematic fashion while, at the same time, increasing the responsiveness of EERE programs by considering the insights, interests, and requirements of customers and stakeholders. The implementation of this system helps to ensure the alignment of programmatic and business management activities and provides critical information at the right time for key decision-making.

This update provides guidance on upcoming SMS activities, milestones, and deliverables. It incorporates lessons learned and some new process steps to:

- Address the Chief Financial Officer's capital project planning requirements
- Lower or maintain acceptable levels of unobligated and uncosted balances by scheduling advanced acquisition planning earlier in the budget execution process
- Provide a clear means to measure and track corporate performance using an "EERE Performance Measures Dashboard"
- Clarify the relevance of the Budget Hut to the SMS

A detailed description of the SMS is provided as an attachment. The attachment describes all of the SMS activities in the chronological order they would occur for a single fiscal year cycle: e.g., the FY 2003 cycle will start with planning in the Fall of 2000 and end with the issuance of the DOE FY 2003 Annual Accountability Report in February 2004. However, we do not work on only one fiscal year at a time. In reality, at any given time, we are addressing some management aspect of up to four different fiscal years. As we begin the FY 2003 cycle, we will still be conducting activities for the FY 2000, 2001, and 2002 cycles as previously described in my January 4, 2000, SMS implementation memorandum.

The following table shows some of the key SMS activities (for their respective fiscal years) EERE will address over the next 12 months.

<u>KEY ACTIVITY</u>	<u>DATE</u>
EERE FY 2003 5-Year Fall Planning Guidance Issued	Dec 2000
EERE FY 2002 R&D Portfolio Inputs	Jan 2001
EERE FY 2000 Annual Accountability Report Input	Jan 2001
FY 2002 Congressional Budget Request & Annual Performance Plan Submission	Feb 2001
EERE FY 2002 Congressional Budget Request and Annual Performance Plan Defense	Feb - Oct 2001
EERE FY 2003 Spring Budget Summit	Mar 2001
EERE FY 2003 Corporate Review Budget and Performance Plan to CFO	Jun 2001
EERE FY 2003 Corporate Review Budget Meeting with the Deputy Secretary	Jul 2001
EERE Strategic Plan Update	Jul 2001
EERE FY 2003 OMB Budget Request and Performance Plan Submission	Sep 2001
EERE FY 2001 Final Quarterly Performance Status Review	Oct 2001
EERE FY 2001 Management Control Assurance Memo Issued	Nov 2001
EERE FY 2002 Input to Secretary's Agreement with the President	Nov 2001
EERE FY 2004 5-Year Fall Planning Guidance Issued	Nov 2001

With each new fiscal-year cycle, the SMS documentation will be updated to reflect the new schedule. As each SMS cycle proceeds, lessons learned will lead to improvements in the next cycle. Moreover, the EERE Office of Planning, Budget and Management (PBM) will provide the necessary training to make the SMS even more effective and useful.

PBM will also have ongoing overall responsibility for coordinating the SMS. The SMS responsibilities of Deputy Assistant Secretaries, EERE staff, Regional Offices, Field organizations, national laboratories, and contractors are explained in the attachment.

I want to thank Abe Haspel, John Sullivan, Brian Connor, and their support team lead by Keller Staley of Technology & Management, Services Inc. Bob Brewer, while on detail to PBM, deserves special recognition for his tireless efforts to enhance the SMS by leading the implementation of the Budget Hut.

Attachment

Distribution:

Secretary of Energy
Deputy Secretary of Energy
Under Secretary of Energy
Secretarial Officers
All EERE Headquarters Employees
EERE Regional Offices
Golden Field Office
DOE Operations Offices
DOE National Laboratories

ATTACHMENT

Office of Energy Efficiency and Renewable Energy Strategic Management System

System Framework

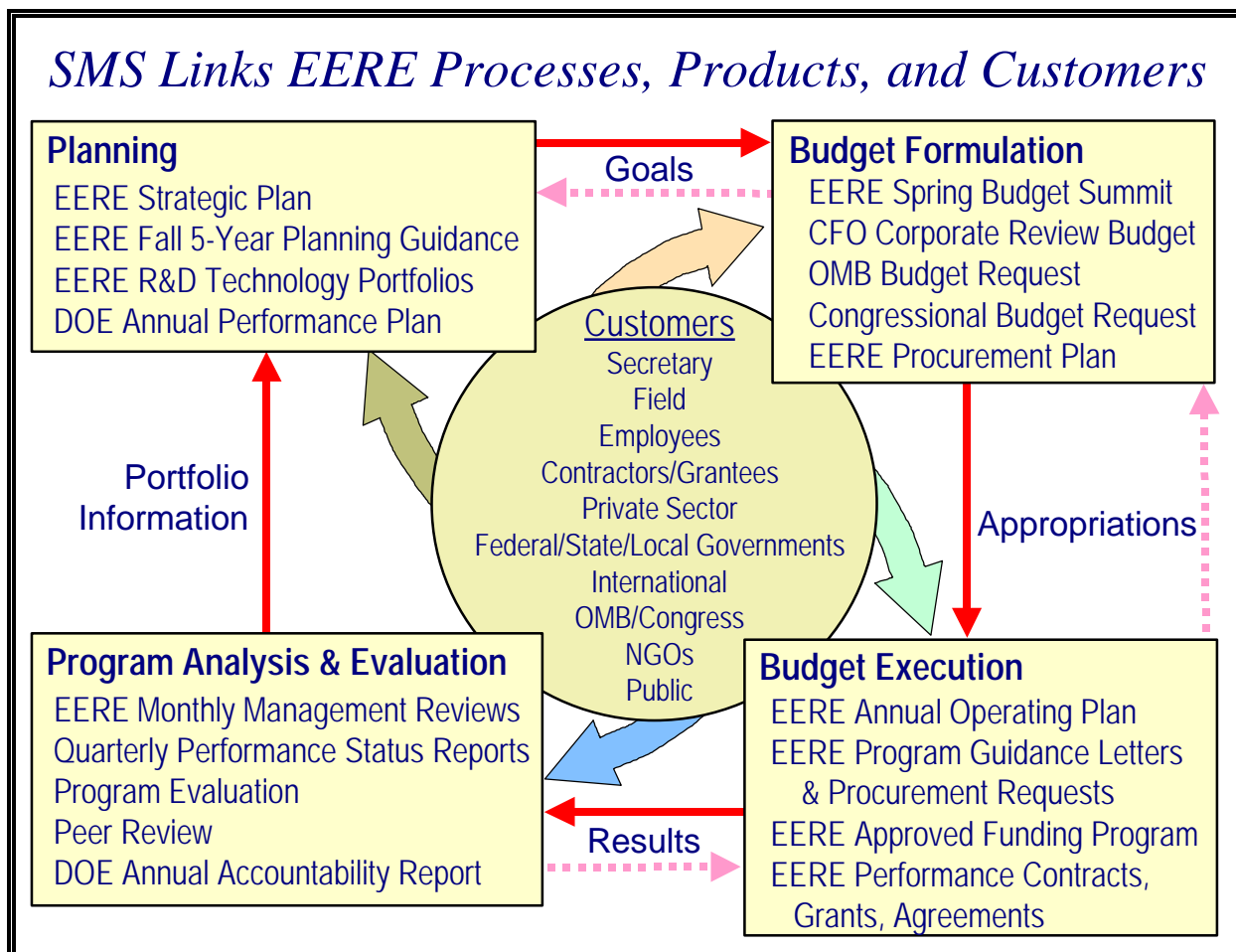
The Office of Energy Efficiency and Renewable Energy (EERE) has developed its Strategic Management System (SMS) to increase the efficiency and effectiveness of EERE planning, budget formulation, budget execution, and program analysis and evaluation. This is accomplished by linking these business management functions in an orderly, systematic fashion while, at the same time, increasing the responsiveness of EERE programs by considering the insights, interests, and requirements of customers and stakeholders. This helps to ensure the proper alignment of programmatic and business management activities and provides critical information at the right time for key decision-making. By adopting a clearly defined, integrated, and systematic approach for its management activities, EERE will be able to improve the effectiveness, efficiency, and quality of its programs.

EERE's commitment to performance-based management and improved business practices has resulted in the development of the EERE SMS. Performance-based management uses performance measurement information to help set agreed-upon performance goals, to allocate and prioritize resources, to inform managers so they can manage program activities to meet those goals, and to report on their success. It also offers the opportunity to learn from any failures in performance and to continuously improve management practices.

Most of the elements described in the SMS existed in the past, but were carried out in a piecemeal fashion. They are now being integrated into a cohesive whole, based on common terms and definitions and applied using a consistent set of principles, procedures, and information management systems. In so doing, the SMS is becoming the vehicle to integrate the various performance demands that EERE faces, both internally and externally. It provides the foundation on which to build reliable performance management information; and establishes the feedback processes needed to monitor and meet performance goals. In addition, the SMS complies with the Government Performance and Results Act of 1993, the Government Management Reform Act of 1994, the Federal Managers Financial Integrity Act, Office of Management and Budget (OMB) directives, Executive Orders on customer service and performance management, and Congressional requests.

The SMS is designed to determine and then satisfy customer requirements through the key processes and products shown below. Both internal customers and external customers are central to each element of the SMS. Internal customers are EERE employees, including Regional Office and Field staff, whose knowledge, skills, and abilities are needed to plan, budget, implement, and evaluate EERE programs. The SMS serves them and depends on them. External customers, partners, and stakeholders are from the private sector, State, local, and other Federal government

agencies, the international community, non-governmental organizations, OMB and Congress, and the American public. The insight, interests, and requirements of these customers help set the direction of EERE programs as well as offer suggestions on how best to implement them and how to improve them.



This document describes all of the SMS activities in the chronological order they would occur for a single fiscal-year cycle. For example, the FY 2003 cycle will start with planning in the Fall of 2000 and end with the issuing of the DOE FY 2003 Annual Accountability Report in February 2004. However, EERE does not work on only one fiscal year at a time. During the 42 months it will take to complete the full FY 2003 cycle, parts of the cycles for FYs 2000, 2001, 2002, and 2004 will also be underway. At any given time, EERE conducts planning, budgeting, executing, or evaluating activities for four distinct fiscal years.

The key processes—planning, budget formulation, budget execution, and program analysis and evaluation—are interdependent and designed for the effective program implementation and delivery of EERE’s products and services to the Nation. Planning identifies the goals and priorities of the organization and determines the methods to achieve those goals. Budget formulation allocates resources including the utilization of staff. Budget execution delivers goods and services to customers. Program analysis and evaluation assesses how well EERE has

implemented its programs and is progressing toward achieving its goals; and is integral to the next planning cycle. Obviously, each of these steps is informed by and dependent on the others.

Budget Hut

PBM will continue to standardize and integrate EERE financial, procurement, and acquisition information in a virtual warehouse called the “SMS Budget Hut” in order to support the SMS. The SMS Budget Hut provides much of the information required to support the SMS planning, formulation, execution, and evaluation cycle. Some parts of the SMS Budget Hut provide data as downloaded and reformatted from Departmental systems; other parts of the SMS Budget Hut require routine data updates by each EERE organization.

The purposes of the SMS Budget Hut are to:

- Establish a uniform corporate information repository to respond quickly to inquiries
- Simplify and integrate access to and use of information related to EERE resources, milestones, and results
- Improve EERE program and project management

PBM responsibilities include the following:

- Maintaining, updating, and analyzing financial information from DOE systems (FIS/MARS, PADS, DISCAS, Travel, lab subcontracts, etc.)
- Designing and establishing common reporting and updating requirements for SMS spreadsheets (spend plan, projects, and milestones)
- Ensuring a high confidence level in the consistency and quality of SMS information
- Using commonly shared software (Excel) to access and manipulate data intelligently
- Providing training on the SMS Budget Hut to EERE staff

DAS responsibilities include the following:

- By November 15, 2000, complete corrections and updates of FY 2000 spend-plan, project, and milestone spreadsheets including updates for awards to be made in FY 2001
- By December 15, 2000, complete FY 2001 spend-plan, project, and milestone spreadsheets, and continue monthly updates based on spend-plan updates, project changes, and awards from new solicitations
- By March 1, 2001 complete initial FY 2002 spend-plan and project spreadsheets based on the President’s Budget Request, and update every two months based on changes in the status of FY 2001 project work
- By July 31, 2001, complete detailed FY 2002 spend-plan, project, and milestone spreadsheets based on the latest Senate, House, and/or Conference marks
- By October 1, 2001, update the FY 2002 spend-plan, project, and milestone spreadsheets based on the final appropriation, and continue monthly updates based on spend plan updates, project changes, and awards from new solicitations
- By January 18, 2002, complete initial FY 2003 spend-plan and project spreadsheets based on the President’s budget request, and update every two months based on changes in the status of FY 2002 project work

Financial. The monthly FIS/MARS download includes funding, obligation, cost, and uncosted data for each EERE contract or financial assistance instrument by office, national laboratory, awardee, CID, program, subprogram, category, and appropriation symbol. This download should be used monthly throughout EERE in the execution part of the cycle as a means to identify cost trends and to assure that the timing of obligations and costs are consistent with the needs of the particular project.

Procurement. The monthly PADS download includes the location, contract value, start date, end date, and a wide-range of other data regarding each EERE procurement. This download should be used monthly throughout EERE in the execution part of the cycle as a means to: understand the status of all current procurements; plan procurement actions required to replace expiring procurements; answer questions regarding, for example, the location (state or congressional district) or type (small business set aside, for example) of EERE contracts, cooperative agreements, and grants.

The monthly DOE national laboratory downloads include budget and procurement data as provided monthly by the National Renewable Energy Laboratory, Oak Ridge National Laboratory, and Argonne National Laboratory (other laboratories should be included soon). No Departmental system identifies individual national laboratory procurements, so these downloads provide the only routine means for EERE organizations to review and report on the timeliness and status of national laboratory procurements. The timeliness of such procurements often impacts significantly the progress of major projects as well as the funding schedule.

Spend Plan. The Spend Plan spreadsheet relates to formulation, execution, and evaluation by assisting each EERE organization to plan, track, and report each funding action over the course of a fiscal year. The Control Table part of the Spend Plan summarizes the administrative control levels and constantly compares those to the spending plan to identify instances of funds remaining at Headquarters too long. The Spend Plan is one of the three (with the Milestones and Projects spreadsheets) key components of the EERE Annual Operating Plan (AOP).

Projects and Milestones. The Project and Milestone spreadsheets link work performance to the funding actions in the Spend Plan by providing a standard format for each EERE organization to plan, track, and report milestones and project information. These two worksheets with the Spend Plan comprise the EERE AOP.

Key Management Decision Points

In each fiscal-year cycle, there are key management decision points, including many requiring the personal involvement of the Assistant Secretary (EE-1). The success of the SMS is dependent upon having the right information available for timely decision-making. Information must flow from one process activity to the next. The key decision points through the year 2001 are shown below.

Key Decision Point	Target Date
EERE FY 2001 Monthly Management Reviews	Nov 2000 - Sep 2001
EERE FY 2003 5-Year Fall Planning Guidance Issued	Dec 2000
EERE FY 2002 Congressional Budget Request Submission	Feb 2001
EERE FY 2003 Spring Budget Summit	Mar 2001
EERE FY 2002 Final Financial Assistance and Direct Procurement Plan Approved by EE-1	Apr 2001
EERE FY 2003 Final EE-1 Resource Decisions for Preparation of the Corporate Review Budget Request	Apr 2001
EERE FY 2003 Corporate Review Budget Request and Performance Plan to CFO	Jun 2001
EERE FY 2003 Corporate Review Budget Request Meeting with the Deputy Secretary	Jul 2001
EERE Strategic Plan Updated	Jul 2001
EERE FY 2002 Final Laboratory Procurement Plan (Work Authorizations) Approved by EE-1	Aug 2001
FY 2003 OMB Budget Request and Performance Plan Submission	Sep 2001
EERE FY 2002 Input to Secretary's Agreement with the President	Nov 2001
EERE FY 2004 5-Year Fall Planning Guidance Issued	Nov 2001

System Components

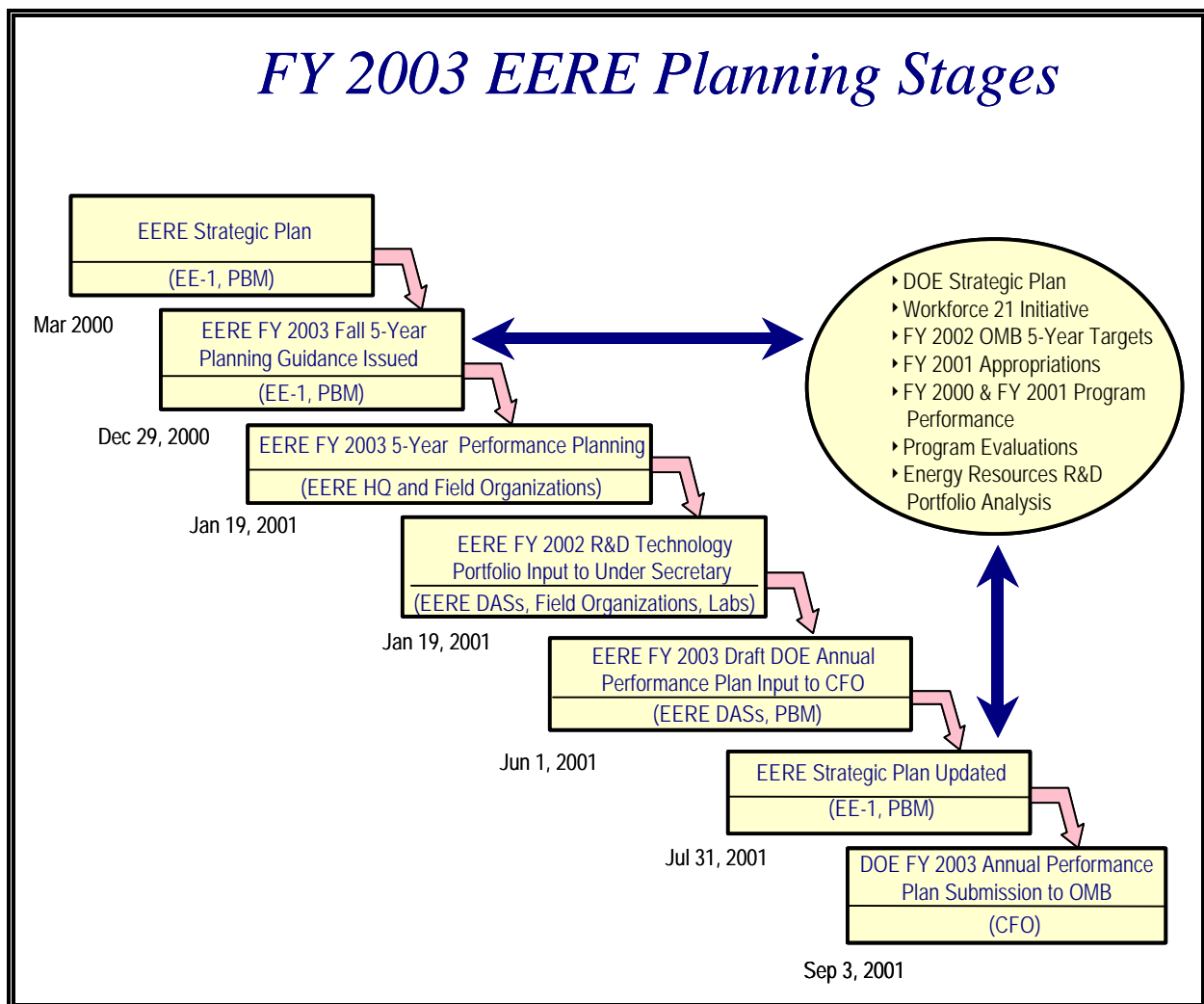
The SMS's four key processes—planning, budget formulation, budget execution, and program analysis and evaluation—are described in the following sections.

Each of the SMS products and activities that contain program specific information will be developed by the appropriate EERE Deputy Assistant Secretaries with support from the Regional Offices and Field organizations. Coordination and integration of any information at the EERE corporate level will be performed by PBM.

For SMS purposes, the term *EERE* includes EERE Headquarters, and EERE Field Organizations (Regional Offices, the Golden Field Office, and those employees at DOE Operations Offices that perform EERE-sponsored work). The term *Contractors* includes the DOE national laboratories, contractors, grantees, and financial assistance partners.

PLANNING

Planning is conducted at four organizational levels: EERE corporate, EERE Sectors, Field Organizations, and Contractors. Planning is also conducted for 3 time horizons; namely, strategic (5 to 20 years), multi-year or 5-year programmatic (2-5 years), and annual/operational (1 year).



Between November 2000 and May 2001, PBM will support EERE's long-term planning efforts by conducting analyses that:

- Evaluate EERE's current R&D portfolio and assess alignment with current strategic objectives
- Identify new long-term energy opportunities and challenges
- Identify broad R&D strategies to address long-term opportunities and challenges

PBM should ensure integration of EERE goals, objectives, and milestones during the SMS planning, budget, and program evaluation cycles.

While *planning* is essential at the aforementioned organizational levels and time frames, the SMS requires only a minimal number of plans be published. Wherever possible, plans should be consolidated and redundancies eliminated. Plans should clearly identify their purpose and their relationship to the SMS. The key stages of the planning process for the FY 2003 cycle are described below.

EERE Strategic Plan. The EERE Strategic Plan sets out EERE's business activities at the corporate level. It articulates goals and strategies that will shape future budget requests and guide program execution. The plan also presents success indicators and metrics to be used for performance measurement and program evaluation. Inputs to the Strategic Plan will include strategic planning by EERE Headquarters and Regional Offices, EERE Sectors, and Field organizations; Administration policies; the President's Committee of Advisors on Science and Technology; Congressional direction; the National Energy Policy Plan; the Energy Resources R&D Portfolio; program accomplishments and opportunities; DOE crosscut program plans; and other relevant information.

The first EERE Strategic Plan was published in March 2000 and will be updated every two years, or sooner if significant changes in policies or planning assumptions occur. Minor changes will be accommodated in EERE's input to DOE's Annual Performance Plan.

Between June and July 2001, PBM and the Sectors will support strategic planning efforts by conducting analyses that:

- Identify key strategic planning issues based on long-term planning results
- Prepare preliminary goals and objectives based on strategic issues and program evaluations

In the 3rd quarter of FY 2001, PBM will coordinate a review of the Strategic Plan with the entire organization and propose:

- Necessary adjustments or revisions based on program evaluations
- Updated strategic goals, objectives, and performance measures

The next strategic plan update will occur by July 31, 2001.

EERE FY 2003 Fall 5-Year Planning Guidance. By December 29, 2000, the Assistant Secretary will provide planning guidance to Deputy Assistant Secretaries, Regional Offices, and GFO on budget and staffing strategies for FY 2003 to FY 2007. The Deputy Assistant Secretaries, Regional Offices, and GFO will use the guidance to help formulate FY 2003 budget requests and staffing plans, including out-year projections.

The FY 2003 Fall 5-Year Planning Guidance will be prepared by PBM from October to December 2000 on the basis of reviews of the DOE Strategic Plan, the Comprehensive National Energy Strategy, EERE's Strategic Plan, the DOE Workforce 21 initiative, FY 2002 OMB 5-year

projections, FY 2001 appropriations, FY 2000 and FY 2001 program performance, program evaluations, and portfolio analysis.

EERE FY 2003 5-Year Performance Planning. Five-year planning bridges the gap between long-range strategic planning and annual operational planning that is based on budget appropriations. The information needed to support 5-year planning decisions includes 5-year financial levels and staffing projections and associated performance objectives and measures. This information is essential to determining annual budget and staff allocations, especially in a constrained fiscal environment. The results of 5-year planning are passed up from the Regional Offices, Field organizations, contractors, and customers to the Deputy Assistant Secretaries. By January 19, as this 5-year planning rolls up, the information will be consolidated in an EERE 5-year planning profile. The profile will be used to establish a framework for out-year decision-making and budget formulation. The 5 years for planning are the fiscal year under consideration and the next 4 fiscal years (e.g., FY 2003 to FY 2007). It is understood that details will be less precise for the later years.

EERE FY 2002 R&D Technology Portfolio Input to the Under Secretary. In 1999, the Under Secretary of Energy prepared Research and Development Portfolios for each of the Department's Mission Areas. EERE programs were included in the Energy Resources portfolio. Each year, the portfolios will be updated. By January 19, 2001, EERE will provide input in accordance with the Under Secretary's data call.

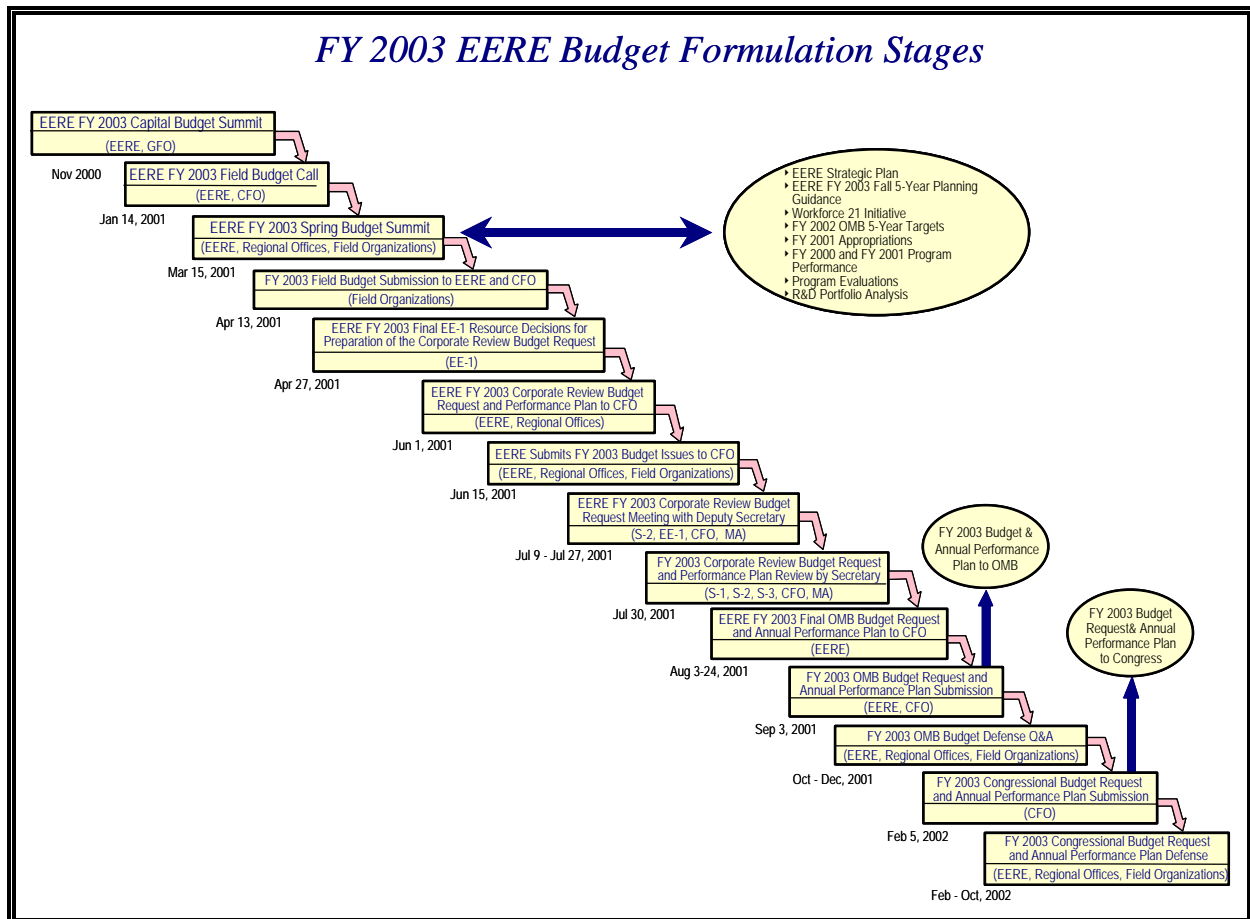
EERE FY 2003 Annual Performance Plan Input to CFO. GPRA requires Federal agencies to submit annual performance plans. The DOE Annual Performance Plan states the results the Department expects to deliver for the budget resources requested. It must be closely linked to the goals contained in the Department's Strategic Plan. It describes the strategies for achieving the stated goals and how the goal statement will be measured and verified. The Annual Performance Plan accompanies the Budget Request through the OMB and Congressional reviews. Performance measures included in the performance plan will reflect performance associated with the CFO budget request level. Once Congress appropriates funds, the plan is adjusted to reflect any necessary changes. EERE's input for the FY 2003 Annual Performance Plan will be provided to the CFO by June 1, 2001. DOE will submit the Plan to OMB with the budget by September 3, 2001.

Between May and June 2001, PBM and the Sectors will support performance planning efforts by developing 1-year program milestones for FY 2003 based on budget resource decisions.

BUDGET FORMULATION

The key stages of the FY 2003 budget formulation process are shown below. The process is designed to provide budget guidance as early as possible, to make major issues and concerns highly visible, to enable EERE management to make decisions in an efficient and timely manner, and to deliver a performance-based budget to the CFO on schedule. Budget formulation relies heavily on information derived from the planning process activities, especially the EERE Strategic Plan and the Fall 5-Year Planning Guidance.

EERE FY 2003 Capital Budget Summit. In the Summer of 2000, PBM provided guidance to the Field to develop conceptual designs for special capital projects. In November 2000, PBM will meet with the appropriate Headquarters and Field organizations to review Field submissions for proposed capital construction projects in excess of \$1 million. The review and preliminary approval will occur at the FY2003 Capital Budget Summit. Approved projects will be included in the FY 2003 Fall 5-Year Planning Guidance.



EERE FY 2003 Field Budget Call. By January 14, 2001, EERE will send its FY 2003 Field Budget Call to the Field organizations to guide them in the preparation of their budget submissions. EERE's Field Budget Call supplements the Department's Field Budget Call issued by the CFO.

EERE FY 2003 Spring Budget Summit. By March 15, 2001, EE-1 will hold a budget summit meeting for all Deputy Assistant Secretaries and Regional Office and Field organization directors to address issues affecting the preparation of the FY 2003 Corporate Review Budget Request (including capital budget requests) which is then submitted to the CFO.

Between October 2000 and March 2001, PBM and the Sectors will support 5-Year Planning efforts by conducting Quality Management and program evaluations for the Spring Budget Summit that:

- Identify key 5-year policy and planning issues based on strategic goals and program

evaluations

- Identify 5-year milestones and budgets needed to reach strategic goals and objectives

FY 2003 Field Budget Submission to EERE and the CFO. Based on EERE's FY 2003 Fall 5-Year Planning Guidance, the EERE Field Budget Call, the EERE Spring Budget Summit, EERE program guidance, and the Chief Financial Officer's (CFO) Field Budget Call and Handbook, the Field organizations will prepare and submit their FY 2003 budget proposals to EERE and the CFO by April 13, 2001.

EERE FY 2003 Final EE-1 Resource Decisions for Preparation of the Corporate Review Budget Request. By April 27, 2001, EE-1 will publish EERE priorities and resource decisions that will serve as guidelines for the final preparation of the FY 2003 Corporate Review Budget Request.

EERE FY 2003 Corporate Review Budget Request and Performance Plan to CFO. From early March to June 1, 2001, EERE will conduct budget and staffing-level impact analyses and prepare the FY 2003 Corporate Review Budget Request and Annual Performance Plan for submission to the CFO.

EERE Submits FY 2003 Budget Issues to the CFO. Preparation of program budgets (including Department cross-cutting programs) and staffing levels that conform to the Secretary's 5-Year Budget and FTE Guidance may bring out issues and options to be decided at the Corporate Budget Review meetings with the Deputy Secretary. EERE will utilize input from the Regional Offices and Field organizations, and staff from the Offices of the CFO, Policy, Management and Administration, OMB, and other organizations to help analyze issues and develop options for consideration by the Deputy Secretary. Issues should be resolved at the appropriate organizational level. EERE will submit any unresolved FY 2003 budget issues to the CFO by June 15, 2001.

FY 2003 EERE Corporate Review Budget Request Meeting with the Deputy Secretary. During July 1, 2001, Secretarial Officers, the Office of the CFO, and the Office of Management and Administration will present issues and options by DOE Mission Area to the Deputy Secretary in a series of separate meetings. The EERE Budget Request and issues will be presented at the Energy Resources Mission Area meeting. EERE will be represented by the Assistant Secretary and PBM. At follow-up meetings within this time period, these same groups return to present answers to questions posed by the Deputy Secretary in the initial meetings. In response to these meetings, the Deputy Secretary provides guidance and decisions on major issues and priorities.

FY 2003 Budget and Performance Plan Review by the Secretary. In late July 2001, following the corporate review of the budget previously described, the Secretary will meet with all the Secretarial Officers and the CFO to reconcile any remaining differences in final budget and FTE targets for FY 2003.

EERE FY 2003 Final OMB Budget Request and Annual Performance Plan to CFO. During August 2001, EERE will prepare its FY 2003 OMB Budget Request submission. EERE Sectors will work with PBM to complete detailed budget justification narratives and request levels.

Following a review by the Office of the CFO, EERE will respond to their comments and requests for changes. During this same time, the Office of the CFO will be working with EERE to prepare the FY 2003 Annual Performance Plan, which will accompany the budget through the OMB and Congressional budget processes. Performance measures included in this version of the Annual Performance Plan will reflect performance associated with the OMB Budget Request level.

FY 2003 OMB Budget Request and Annual Performance Plan Submission. On September 3, 2001, the Office of the CFO will submit the Department's FY 2003 OMB Budget Request and Annual Performance Plan to OMB.

EERE FY 2003 OMB Budget Defense Q&A. As part of its review of the Department's FY 2003 Budget Request and Annual Performance Plan, OMB may request briefings by program offices or written responses to specific questions. In mid-October 2001, EERE will defend its FY 2003 OMB Budget Request to OMB examiners. In late November, EERE will respond to OMB's passback (comments and requests for changes), drawing upon Headquarter's, Regional Office, and Field organization personnel as needed.

FY 2003 Congressional Budget Request and Annual Performance Plan Submission. In December 2001, EERE will submit its FY 2003 Congressional Budget Request to the Office of the CFO for inclusion in the Department's Congressional Budget Request. On February 5, 2002, DOE will submit its FY 2003 Congressional Budget Request and Annual Performance Plan to Congress. The Office of the CFO coordinates this submission.

FY 2003 Congressional Budget Request and Annual Performance Plan Defense. From February to October 2002, the Department will defend its FY 2003 Budget Request and Annual Performance Plan to the Congressional committees through testimony and written questions and answers. EE-1 will appear and testify as requested by the committees that have jurisdiction or interest in EERE's programs. EERE Headquarter's, Regional Office, and Field organization personnel will participate as needed to respond to all Congressional requests.

BUDGET EXECUTION

Through budget execution, EERE uses appropriated funds to implement the programs, projects, and activities justified in the Congressional Budget Request as modified by final appropriations and Congressional report guidance. The funds permit EERE, its Regional Offices, Field organizations, contractors, and other performers to deliver goods and services in support of the programs. Due to the breadth of program activities and work performers involved, it is critical that the performance commitments made in EERE's planning and budget formulation process be clearly communicated, understood, and agreed to by the Regional Offices, Field organizations, contractors, and other performers.

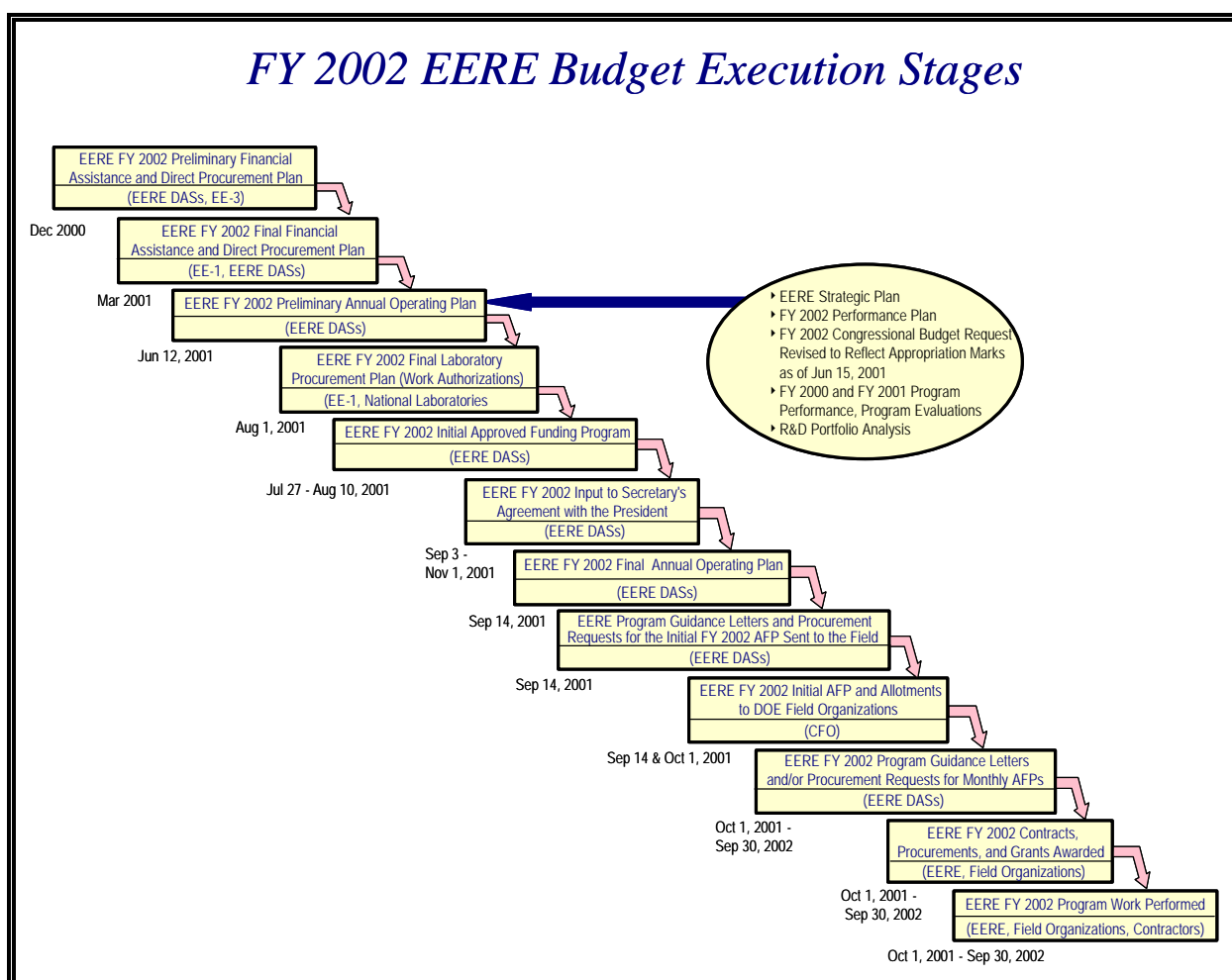
The key stages of the FY 2002 budget execution process are described below.

EERE FY 2002 Preliminary Financial Assistance and Direct Procurement Plan. It is essential for EERE to prepare for the execution of the FY 2002 budget 10 months before the budget is actually appropriated by Congress. For financial assistance vehicles and direct procurements,

EERE programs must define the work scope, procurement mechanism (i.e., grant, cooperative agreement, or contract), and estimated dollar amounts by December 2000, so this information can be reviewed by PBM's Field Management organization.

EERE FY 2002 Final Financial Assistance and Direct Procurement Plan. The preliminary Financial Assistance and Direct Procurement Plan will be supplemented to include the desired procurement office, desired dates of service, and a revised dollar estimate by March 2001, for review and approval by EE-1. Once these plans are approved, the procurements can be released for solicitation. The objective of issuing solicitations in March is to make awards by the Fall for inclusion in the Approved Funding Programs, after the President signs the appropriations bill.

EERE FY 2002 Preliminary Annual Operating Plan. By June 12, 2001, the Deputy Assistant Secretaries prepare a preliminary Annual Operating Plan (AOP) for all programs, projects, and activities included in the Congressional Budget Request. The AOP includes planned funding for each DOE Regional Office and Field organization at the transactional level (contracts, financial assistance, Laboratory Field Work Proposals, etc.). The AOP also shows the fiscal year just completed (FY 2000) and the fiscal year currently being implemented (FY 2001).



EERE FY 2002 Final Laboratory Procurement Plan (Work Authorizations). For Work Authorizations through the national laboratories, the FY 2002 Final Laboratory Procurement Plans must be completed by August 1, 2001 so they can be approved by EE-1. This Procurement Plan will be based on spend-plan data from the SMS Budget Hut. Once this Procurement Plan is approved, it will only require adjustment by the Deputy Assistant Secretaries in coordination with PBM for final procurement through the Approved Funding Programs, following the President's signing of appropriations bills in the Fall of each year.

EERE FY 2002 Initial Approved Funding Program. The Approved Funding Program (AFP) is the DOE mechanism to transfer funds to the DOE Regional Offices and Field organizations for implementing programs. The FY 2002 Initial AFP will be issued by the CFO in mid-September 2001, and is effective October 1, 2001, the first day of FY 2002. Providing funds in the Initial AFP ensures the continuity of programs and enhances the ability to make awards sooner. These early actions increase EERE's ability to get funds obligated and costed which helps to reduce carryover balances at the end of the fiscal year. By August 10, 2001, the Deputy Assistant Secretaries prepare statistical summaries of the funding distributions to all cognizant DOE Regional Offices and Field organizations for implementing the FY 2002 EERE programs based on the best available information. In the absence of final enacted appropriations or even a Conference mark, the more constraining of the House or Senate Appropriations marks is used.

EERE FY 2002 Input to the Secretary's Agreement With the President. Each year, the Secretary of Energy signs a Performance Agreement with the President that establishes the core set of the Department's commitments to be measured and tracked for the current fiscal year appropriations. EERE program commitments and measures are included in this Agreement as part of the Energy Resources Mission Area. The Agreement is consistent with the Department's Strategic Plan and the Annual Performance Plan as revised to reflect final Congressional appropriations and updated 1-year and 5-year program milestones. EERE will provide its input for the FY 2002 Agreement to the CFO by November 1, 2001.

EERE FY 2002 Final Annual Operating Plan. Within 15 days of enactment of final appropriations and receipt of Congressional Conference guidance, the Deputy Assistant Secretaries prepare the final AOP for all approved programs, projects, and activities. The AOP is based on the programs justified in the Congressional Budget Request as modified by appropriations laws and appropriations reports. The AOP includes planned funding for each DOE Field organization at the transactional level (contracts, financial assistance, Laboratory Field Work Proposals, etc.) and includes baseline data from the fiscal year just completed (FY 2000) and the fiscal year currently being implemented (FY 2001).

EERE Program Guidance Letters and Procurement Requests for the Initial FY 2002 Approved Funding Program Sent to the Field. Funds included in the Initial AFP must be authorized for the specific programs, projects, and activities for which the funds were appropriated, before the funds can be awarded or obligated. The guidance for the use of the funds is included in program guidance letters and procurement requests which are prepared by EERE managers at Headquarters and transmitted to the Regional Offices and DOE Field organizations. By September 14, 2001, the Deputy Assistant Secretaries provide the program guidance letters and procurement requests to PBM for funds certification. Subsequently, the

program guidance letters are transmitted to the Regional Offices and DOE Field organizations prior to the start of the new fiscal year. A process similar to this is completed each month for the subsequent AFPs.

EERE FY 2002 Initial Approved Funding Program and Allotments to DOE Field

Organizations. The Initial AFP which will be effective on the first day of the fiscal year are issued to the Regional Offices and DOE Field organizations on September 14, 2001, and the allotments, which provide the statutory funding controls effective the first day of the fiscal year, are issued on October 1, 2001. The CFO is responsible for coordinating this effort in the Department.

EERE FY 2002 Program Guidance Letters and/or Procurement Requests for Monthly

Approved Funding Programs. Beginning in October 2001, and subsequently by the 10th of each month, the Deputy Assistant Secretaries provide program guidance letters and procurement requests to PBM for funds certification and funding transfers to be included in the next monthly AFP. If the 10th falls on a weekend or holiday, the due date is the next work day. Subsequently, the program guidance letters are transmitted to the Regional Offices and DOE Field organizations prior to the issuance of the monthly AFP.

EERE FY 2002 Contracts, Procurements, and Grants Awarded. Beginning October 1, 2001, FY 2002 EERE contracts, grants, cooperative agreements, Laboratory Field Work Proposals, and other procurement instruments will be awarded by the cognizant Headquarters, Regional Offices, and Field organizations to permit the continued implementation of EERE mission objectives. The Office of Procurement and Assistance Management is responsible for making all awards at Headquarters and the cognizant Regional Offices, Operations Offices, and Field Office, are the principal organizations which perform this role in the field.

EERE FY 2002 Program Work Performed. Between October 1, 2001, and September 30, 2002, EERE's FY 2002 program work will be performed by a wide range of organizations such as DOE laboratories; industry; colleges and universities; Federal, State, and local governments; non-profit entities; and consortia. The work is managed by EERE program managers to ensure compliance with statements of work for achieving the mission objectives of the program.

PROGRAM ANALYSIS AND EVALUATION

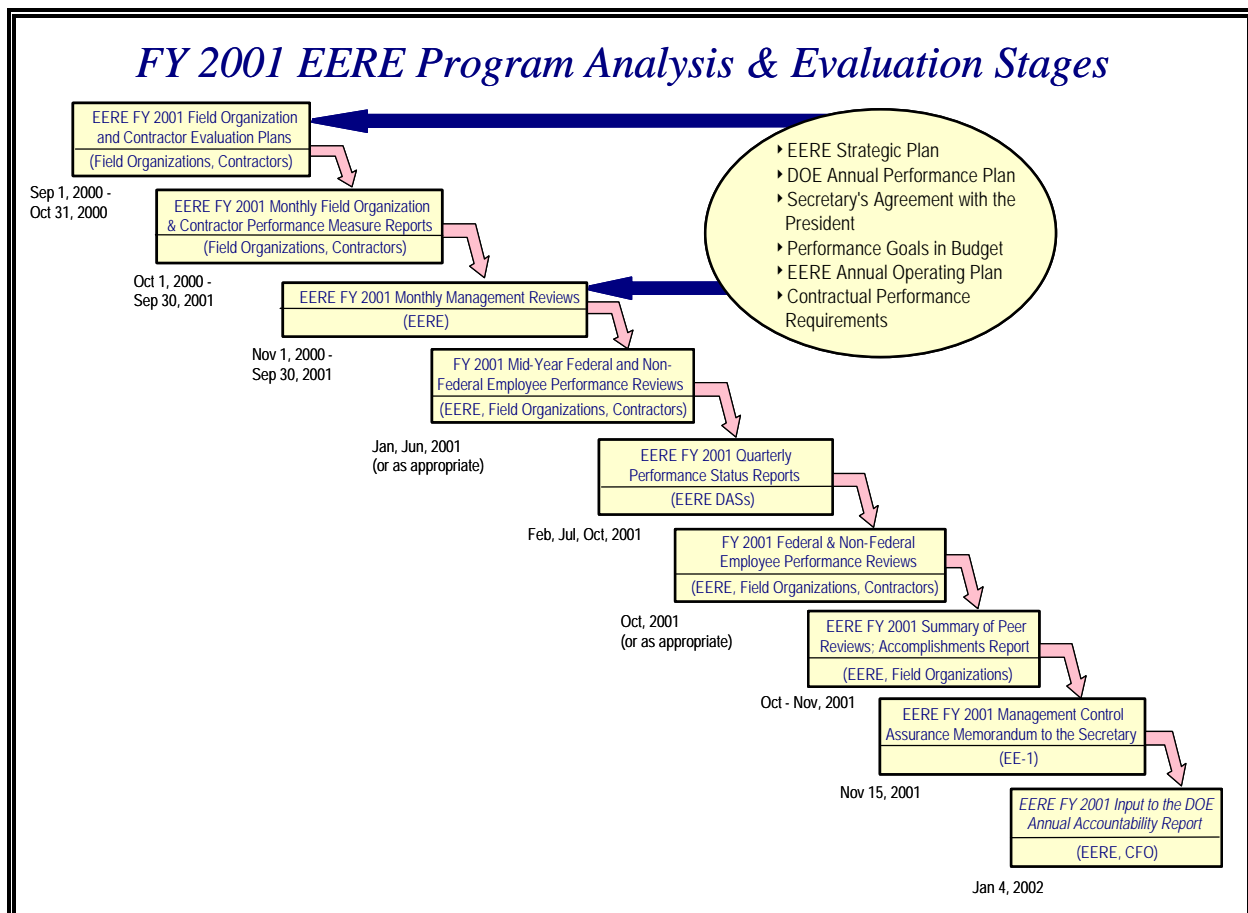
Program analysis and evaluation, as defined for the SMS, include tracking, reporting, and analyzing performance measurement data, conducting in-depth analyses (evaluations) of EERE programs, and providing results of the analyses and evaluations for use in planning. Performance measurement data will include performance measures in the DOE Annual Performance Plan, the Secretary's Performance Agreement with the President, performance measures in the Budget, and performance data related to EERE's financial operations, human resources, and customers. Analysis of performance data will include whether goals were achieved, verification and validation of performance levels, and what external factors may have influenced performance. Performance information will be tracked and reported throughout the year, with year-end results being reported in DOE's Annual Accountability Report and EERE's Summary of Peer Reviews and Accomplishments Report.

The analysis of how well EERE has implemented its programs and is progressing to achieving its goals will include collection and regular review of a balanced set of performance information. This information will be summarized in an “EERE Performance Measures Dashboard.” In summary fashion, the Dashboard will display the status of key organizational performance measures including:

- Mission-related success: energy displaced, energy cost savings, carbon reduction, and Sector performance measures
- Key Presidential and Secretarial initiatives
- Corporate-level management: SMS planning, budget, program evaluation milestones, and financial performance indicators
- Employee and customer areas of concern

Programs and areas of EERE’s management and operations will be selected for in-depth evaluations based on the analysis of performance measurement data and for other reasons. In-depth evaluations will examine why performance is below expected levels and suggest changes that may lead to improvements.

An EERE-wide analysis will be conducted that provides portfolio information for use in planning. This will draw upon the performance information cited above and on performance information.



Ultimately, the development and use of performance information allow each and every Federal and non-Federal employee to see where their work fits in accomplishing EERE's goals, and provides a path of accountability between EERE's long-term vision and the day-to-day activities of these individuals.

The key stages of the FY 2001 program analysis and evaluation process are described below.

EERE FY 2001 Field Organization and Contractor Evaluation Plans. Evaluation Plans define the bases for evaluating Field organization and contractor performance for the current fiscal year. Performance objectives should be consistent with the commitments made in the Department's FY 2001 Annual Performance Plan and the FY 2001 Secretary's Agreement with the President. For FY 2001, Evaluation Plans should be in place by November 1, 2000. Field organizations and contractor organizations are responsible for preparing these plans.

EERE FY 2001 Monthly Field Organization and Contractor Performance Measure Reporting. Each month, the Field organizations and contractor organizations submit performance reports that cover the previous month's performance. The content of the reports must serve as the basis for the information contained in the monthly management reviews. The respective Deputy Assistant Secretaries coordinate this reporting.

EERE FY 2001 Monthly Management Reviews. Each month, EE-1 reviews the status of all EERE programs as reflected through the performance measures defined by the Deputy Assistant Secretaries. These monthly meetings include EE-1, the DASs, and other senior managers.

FY 2001 Mid-Year Federal and Non-Federal Employee Performance Reviews. In January and June, 2001 (or other appropriate dates), mid-year performance is reviewed for Federal and non-Federal employees in accordance with applicable rules, personnel policies, and union agreements. Performance should be measurable, accountable, and traceable to performance plans, objectives, and commitments. Reviews are coordinated by the respective organizations.

EERE FY 2001 Quarterly Performance Status Reports. The Quarterly Performance Status Reports (QPSRs) contain an aggregation of the performance reports and metrics from all EERE organizations. These QPSRs feed EERE's input into the Departmental Performance Tracking System (Solomon). Reports are due in February, July, and October of 2001.

FY 2001 Federal and Non-Federal Employee Performance Reviews. In October 2001 (or other dates as appropriate), both Federal and non-Federal employee performance is reviewed in accordance with applicable rules, personnel policies, and union agreements. Performance should be measurable, accountable, and traceable to performance plans, objectives, and commitments. Reviews are coordinated by the respective organizations.

EERE FY 2001 Summary of Peer Reviews; Accomplishments Report. During October and November 2001, an Accomplishments Report will be developed that summarizes and reports performance and evaluation information for FY 2001. Findings with regard to performance tracking and analysis, findings from program and peer reviews, National Academy of Sciences studies, and case studies and success stories developed across EERE and by EERE partners and

critics will be included. This will provide a rich base of performance information to assist with EERE program decisions and serve as an inventory for EERE evaluation. Additionally, guidance will be prepared for systematically collecting cost and benefit information on an ongoing basis, so that accomplishments can be translated into aggregate evaluation data and the cost effectiveness of EERE programs as a whole can be reported, ultimately strengthening EERE's public image.

EERE FY 2001 Management Control Assurance Memorandum to the Secretary. Each November, DOE Secretarial Officers are required to provide the Secretary with an assurance memorandum that addresses the adequacy of their management control systems. The evaluation and reporting relative to management control matters is addressed through the Federal Managers' Financial Integrity Act. EERE's input for FY 2001, will be provided to the CFO by November 15, 2001.

EERE FY 2001 Input to the DOE Annual Accountability Report. The Government Performance and Results Act of 1993 and the Government Management Reform Act of 1994 require each agency to submit an annual performance report to Congress each March for the previous fiscal year. The Department intends to satisfy all these requirements with its Annual Accountability Report that documents the Department's actual performance against the objectives of the Annual Performance Plan and the commitments in the Secretary's Performance Agreement with the President. PBM will coordinate EERE's end-of-year assessment of progress towards 1-year and 5-year goals. EERE's input for FY 2001 will be provided by January 4, 2002, to the CFO who issues the final report by March 1, 2002.

SMS CORE ACTIVITIES, SCHEDULE, AND LEAD ROLES THRU OCT 2002

<u>Core Activities and Products</u>	<u>Target Date</u>	<u>Lead Role*</u>
EERE FY 2001 Field Organization and Contractor Evaluation Plan	Sep 1-Oct 31, 00	EERE, FO
EERE FY 2001 Monthly Field Organization and Contractor Performance Measure Reporting	Oct 1, 00-Sep 30, 01	FO, Contractors
EERE FY 2001 Monthly Management Reviews	Nov 1, 00-Sep 30, 01	EERE
EERE FY 2003 Fall Capital Budget Summit	Nov 00	PBM, DASs, GFO
EERE FY 2002 Preliminary Financial Assistance and Direct Procurement Plan	Dec 00	DASs, PBM
EERE FY 2003 Fall 5-year Planning Guidance Issued	Dec 29, 00	EE-1, PBM
FY 2000 Mid-Year Federal and Non-Federal Employee Performance Reviews	Jan, Jun, 01	EERE, FO, Contractors
EERE FY 2003 Field Budget Call	Jan 14, 01	EERE, CFO
EERE FY 2003 5-Year Performance Planning	Jan 19, 01	DASs, FO
EERE FY 2002 R&D Technology Portfolio Input to the Under Secretary	Jan 19, 01	DASs, FO
EERE FY 2001 Quarterly Performance Status Reports.	Feb, Jul, Oct 01	DASs, PBM
EERE FY 2002 Final Financial Assistance and Direct Procurement Plan	Mar 01	EE-1, DASs
EERE FY 2003 Spring Budget Summit	Mar 15, 01	EERE, FO
EERE FY 2003 Field Budget Submission to EERE and the CFO	Apr 13, 01	FO
EERE FY 2003 Final EE-1 Resource Decisions for Preparation of the Corporate Review Budget Request	Apr 27, 01	EE-1
EERE FY 2003 Annual Performance Plan Input to CFO	Jun 1, 01	DASs, PBM
DOE FY 2003 Annual Performance Plan Submission to OMB	Sep 3, 01	CFO
EERE FY 2003 Corporate Review Budget Request and Performance Plan to CFO	Jun 1, 01	EERE
EERE FY 2002 Preliminary Annual Operating Plan	Jun 12, 01	DASs
EERE Submits FY 2003 Budget Issues to the CFO	Jun 15, 01	EERE, FO
EERE FY 2003 Corporate Review Budget Request Meeting with the Deputy Secretary	Jul 9-27, 01	S-2, EE-1, CFO, MA
EERE FY 2002 Initial Approved Funding Program	Jul 27-Aug 10, 01	DASs
FY 2003 Corporate Review Budget Request and Performance Plan Review by Secretary	Jul 30, 01	S-1, S-2, S-3, CFO, MA
EERE Strategic Plan Finalized	Jul 31, 01	EE-1, PBM
EERE FY 2002 Final Laboratory Procurement Plan (Work Authorizations)	Aug 01	EE-1, National Laboratories
EERE FY 2003 Final OMB Budget Request and Annual Performance Plan to CFO	Aug 3-24, 01	PBM
FY 2003 OMB Budget Request and Annual Performance Plan Submission	Sep 3, 01	PBM, CFO
EERE FY 2002 Input to the Secretary's Agreement with the President	Sep 3-Nov 1, 01	DASs
EERE FY 2002 Final Annual Operating Plan	Sep 14, 01	DASs
EERE Program Guidance Letters and Procurement Requests for the Initial FY 2002 AFP Sent to the Field	Sep 14, 01	DASs
EERE FY 2002 Initial AFP and Allotments to DOE Field Organizations	Sep 14 & Oct 1, 01	CFO
FY 2001 Federal and Non-Federal Employee Performance Reviews	Oct 01	EERE, FO, Contractors
EERE FY 2001 Summary of Peer Reviews; Accomplishments Report	Oct - Nov, 01	EERE, FO
FY 2003 OMB Budget Defense Q&A	Oct - Dec, 01	PBM, FO
EERE FY 2002 Contracts, Procurements, and Grants Awarded	Oct 1,01-Sep 30, 02	EERE, FO
EERE FY 2002 Program Work Performed	Oct 1, 01 - Sep 30, 02	EERE, FO, Contractors
EERE FY 2002 Program Guidance Letters and/or Procurement Requests for Monthly AFPs	Oct 1, 01 - Sep 30, 02	DASs
EERE FY 2001 Management Control Assurance Memo to the Secretary	Nov 15, 01	EE-1, PBM
EERE FY 2001 Input to the DOE Annual Accountability Report	Jan 4, 02	EE-1, PBM, CFO
FY 2003 Congressional Budget Request and Annual Performance Plan Submission	Feb 5, 02	CFO
FY 2003 Congressional Budget Request and Annual Performance Plan Defense	Feb - Oct, 02	EE-1, PBM, FO

* EERE = Office of Energy Efficiency and Renewable Energy
 EE-1 = Assistant Secretary for EERE
 DASs = EERE Deputy Assistant Secretaries
 PBM = EERE Office of Planning, Budget and Management
 CFO = DOE Office of the Chief Financial Officer
 MA = DOE Office of Management and Administration

S-1 = DOE Secretary
 S-2 = DOE Deputy Secretary
 S-3 = DOE Under Secretary
 FO = EERE Field organizations